

# Department of Transportation

**FY10 Bond Bill Committee Hearing**

**April 27, 2009**



# Our Mission

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To provide a safe, efficient, and environmentally sensitive transportation network that offers a variety of convenient and cost effective choices for the movement of people and goods.

# American Recovery and Reinvestment Act (ARRA)

## # Act focuses on:

- Job preservation and creation
- Federal share is 100% - no state match requirement
- Restoration, repair, construction and other activities eligible for Federal Highway funds
- Expedited project award and construction



# American Recovery and Reinvestment Act (ARRA)

## # Funds Apportioned to States

- \$26.6 Billion total apportionment to States
  - \$122M – Highways & Bridges
  - \$ 18M - Transit



# American Recovery and Reinvestment Act (ARRA)

## # Delaware program consist of:

- Paving & Rehabilitation statewide
- Bridge management and preservation
- Transit facilities and vehicles
- Traffic signals and roadway markings
- Transportation Enhancements
- Bicycle & Pedestrian Improvements
- Congestion Mitigation



# ARRA Reporting Requirements

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## # First Distribution:

- FHWA - 50% of funds apportioned must be obligated within 120 days
- FTA - 50% of funds apportioned must be obligated within 180 days

## # Second Distribution:

- After 1 year all unobligated balances will be redistributed. States will have until 9/30/2010 to obligate additional funds

# ARRA Reporting Requirements

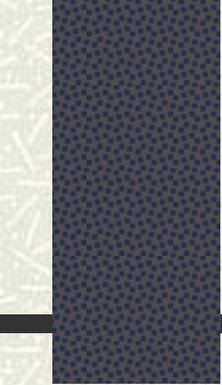
- # Increase in labor reporting – Partnerships with Delaware Contractors Association & Disadvantaged Business Enterprise Firms
- # Transparency – Website access

<http://www.deldot.gov/information/projects/recovery>

*We will tackle the historic unemployment rates and historic revenue shortfalls our state faces in the short-term. The only way we are going to solve these challenges in the long term is to get Delawareans back to work. The stimulus bill provides help that could create thousands of jobs. We will be open with how these resources are used and will track through this site its progress.“*

*- Governor Jack Markell*





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# **MAJOR PROJECTS IN CONSTRUCTION**

# Statewide Paving Program

Construction Estimate: \$89.0M  
\$50.5M State  
\$38.5M Federal



# Indian River Inlet Bridge

Construction Estimate: \$164.9M

\$ 32.9M State

\$132.0M Federal

Anticipated Completion: Summer 2011



# SR 141 Kirkwood Highway to Faulkland Road

Construction Estimate: \$28.3M

\$ 5.6M State

\$22.7M Federal



Anticipated  
Completion:  
August 2010

# SR1, SR9 Grade Separated Intersection

Construction Estimate: \$10.1M  
\$2.0M – State  
\$8.1M – Federal

Anticipated Completion:  
January 2010



SR1 & SR9 at DAFB

## Other Grade Separated Intersection

### Improvements:

- SR1 & SR30
- SR1 Little Heaven
- SR1 South Frederica
- SR1 Bay Road/Thompsonville
- SR1 North Frederica



# St. Anne's Church Road

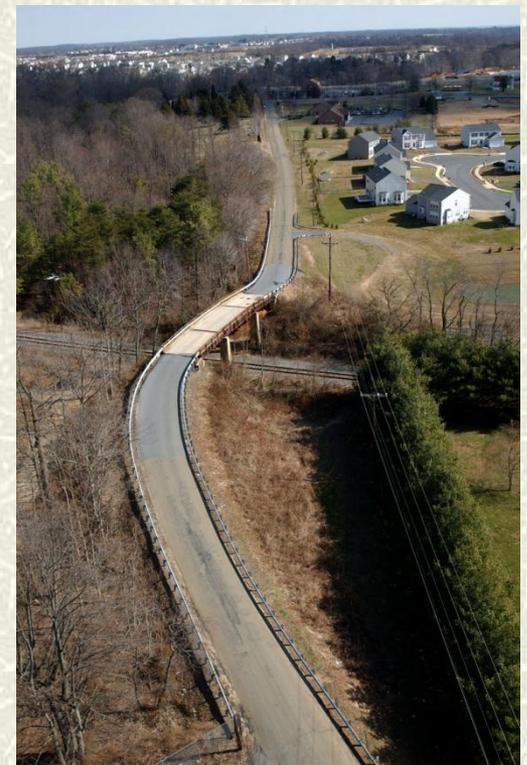
## St. Anne's Church Road & Bridge

Roadway Construction Estimate: \$4.3M

\$4.3M State

Bridge Construction Estimate: \$7.0M

\$7.0M Federal



Anticipated Completion: April 2010

# Governor's Avenue, Webbs Lane to Water Street



Construction Estimate: \$16.8M  
\$ 3.4M State  
\$13.4M Federal



Anticipated Completion: October 2010

# SR10 & Sorghum Mill Road

Construction Estimate: \$600k

\$ 60k – State

\$540k - Federal



Anticipated Completion: July 2009

# SR26 – Detour Route

## SR26 Detour Route:

Construction Estimate: \$12.0M

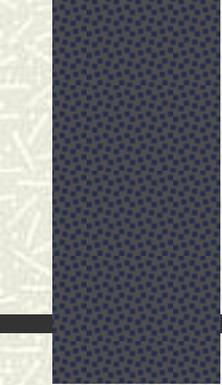
\$2.4M - State

\$9.6M - Federal

Anticipated Start: October 2009

Anticipated Completion: April 2011

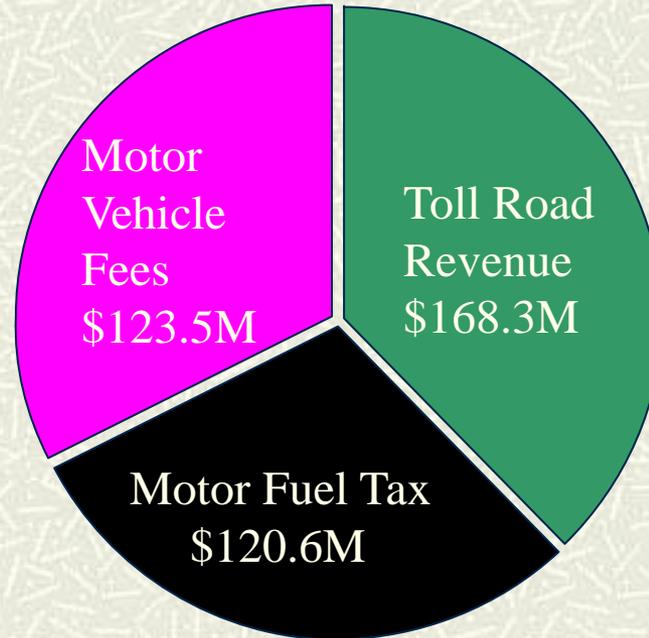




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# Transportation Challenges

# FY09 Transportation Trust Fund Major Revenue Categories



Source: April 2009 DEFAC

# Revenue Challenges Fiscal Year 2009

## DMV – \$25.9 M

Auto sales volume ↓ 27.4%

Title transactions ↓ 15%

## Motor Fuel Tax – \$4.1 M

Fuel consumption ↓ 5.3%

## Toll roads – \$6.0 M

I-95 traffic ↓ 4.5%

Rt 1 traffic ↓ 5.8%

## Investment income – \$4.6 M

Weighted interest earnings 1.78% compared to 4.64% last year

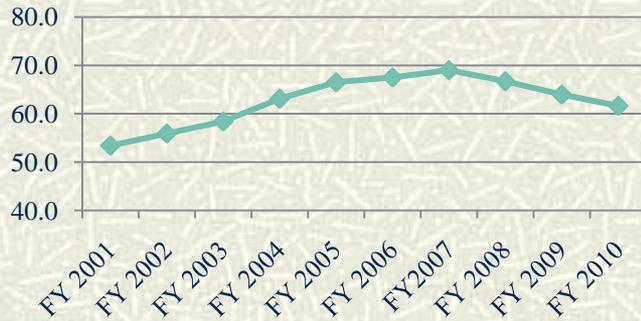
## Other transportation revenue – \$1.6 M

Primarily dealer lease and license fees (moved to GF)

**Total Revenue  
Shortfall  
\$42.2 M**

# Economy Impacted Revenues

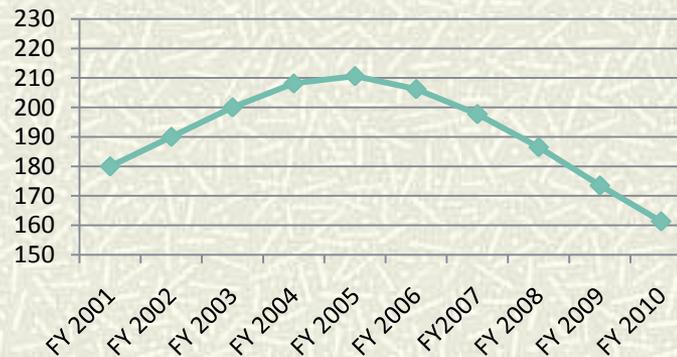
## Toll Transactions (millions)



## MFT Consumption (gals) (thousands)

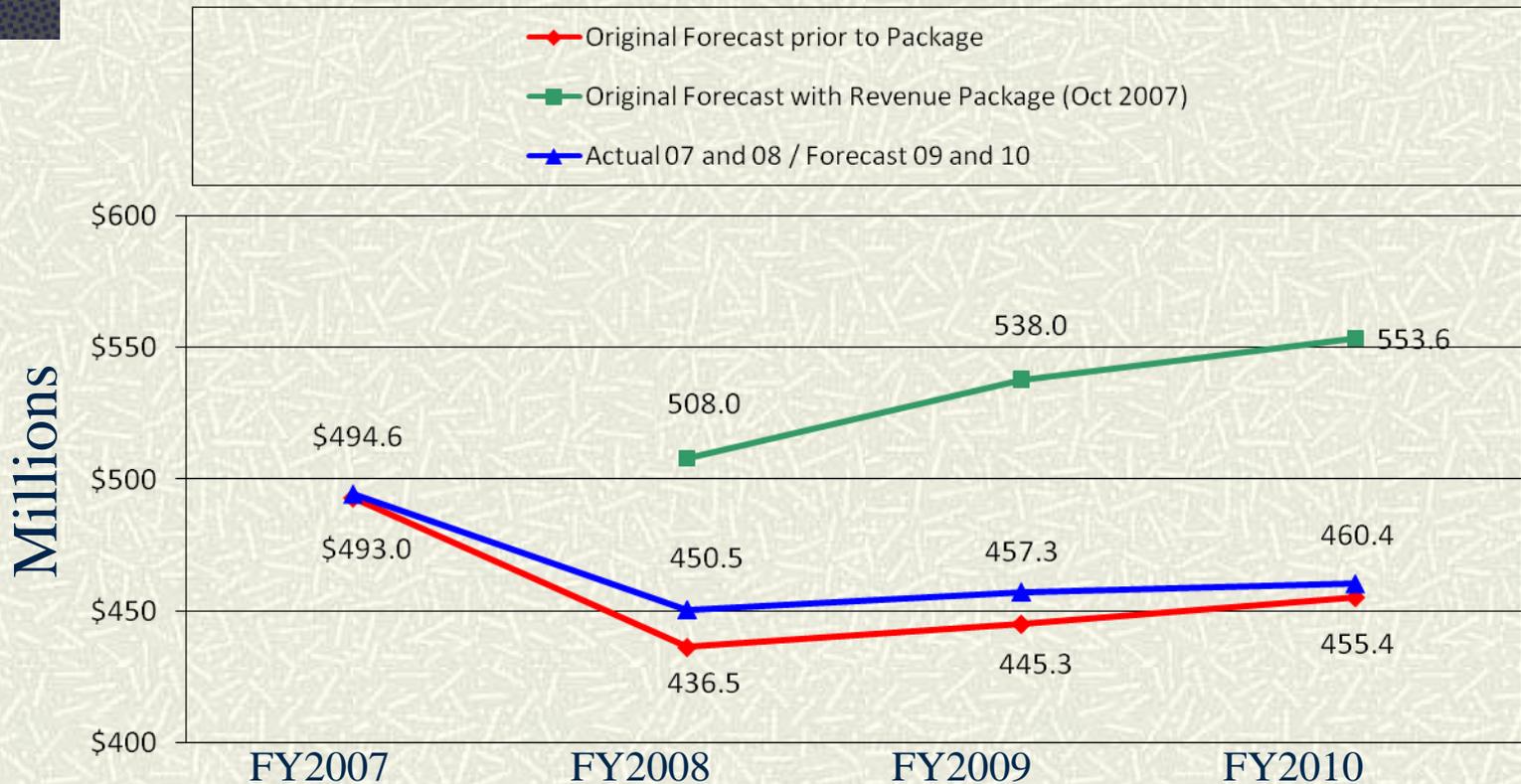


## Vehicles Titled (thousands)



FY09 & FY10 are estimates

# Effects of Economy on Revenues

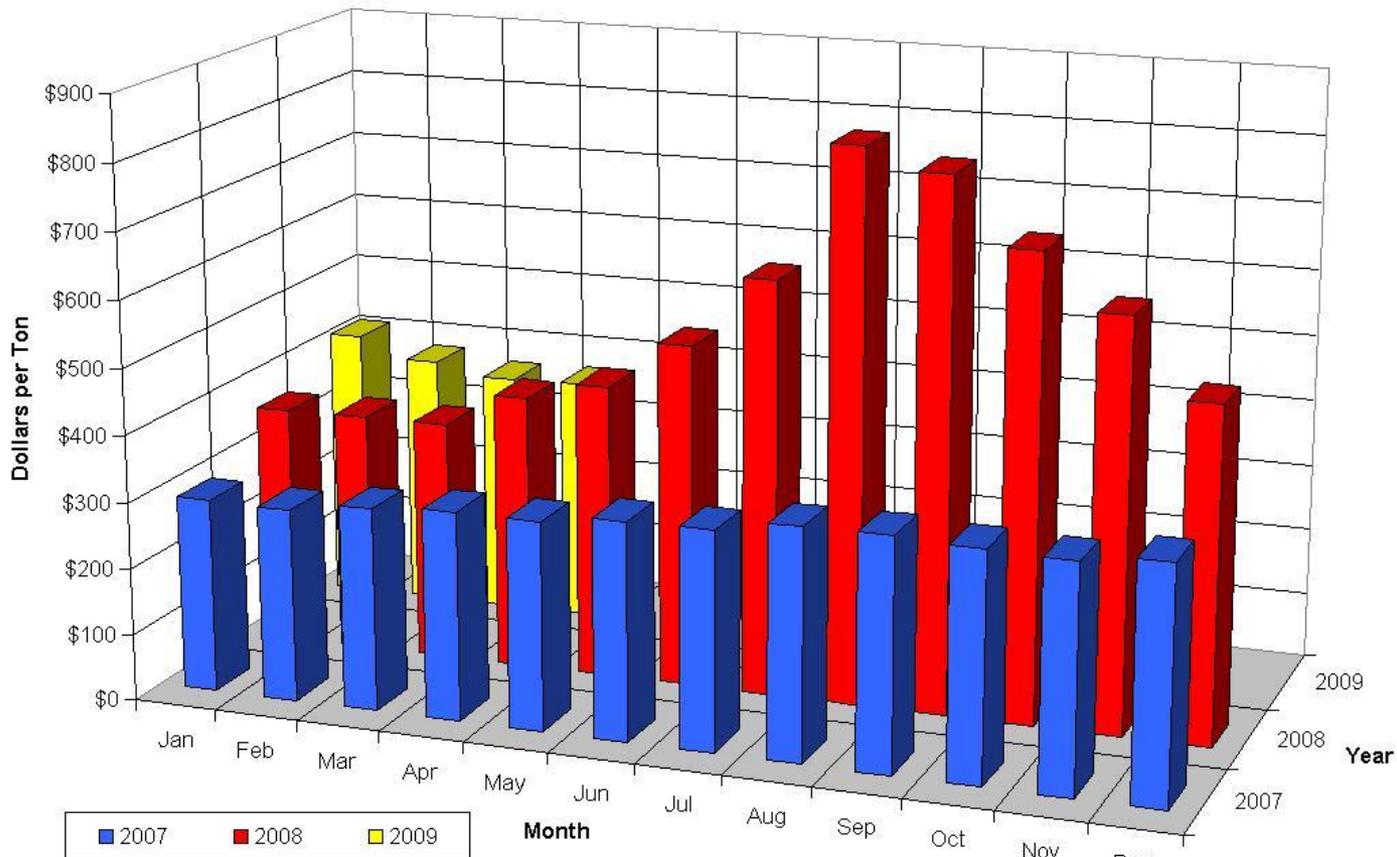


**FY10 Revenue– Original Forecast \$553.6M vs. Forecasted Actual \$460.4M**

**Difference of \$93.2M**

# Material Cost Volatility

Delaware Monthly Posted Asphalt Price



# Overall Budget Shortfall

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## FY09 Capital Transportation Program

July 2008 CTP	\$290.8M
Revenue Shortfall	\$(42.2)M
Other	\$(17.5)M

Increased Material Costs

Increased Rate of Construction Costs

Cut Program by \$59.7M - 20% of Program

# Transportation Challenges

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## Federal Program (FHWA & FTA)

- Previous Year Apportionments

- FY06 \$128.8M
- FY07 \$141.1M
- FY08 \$141.6M

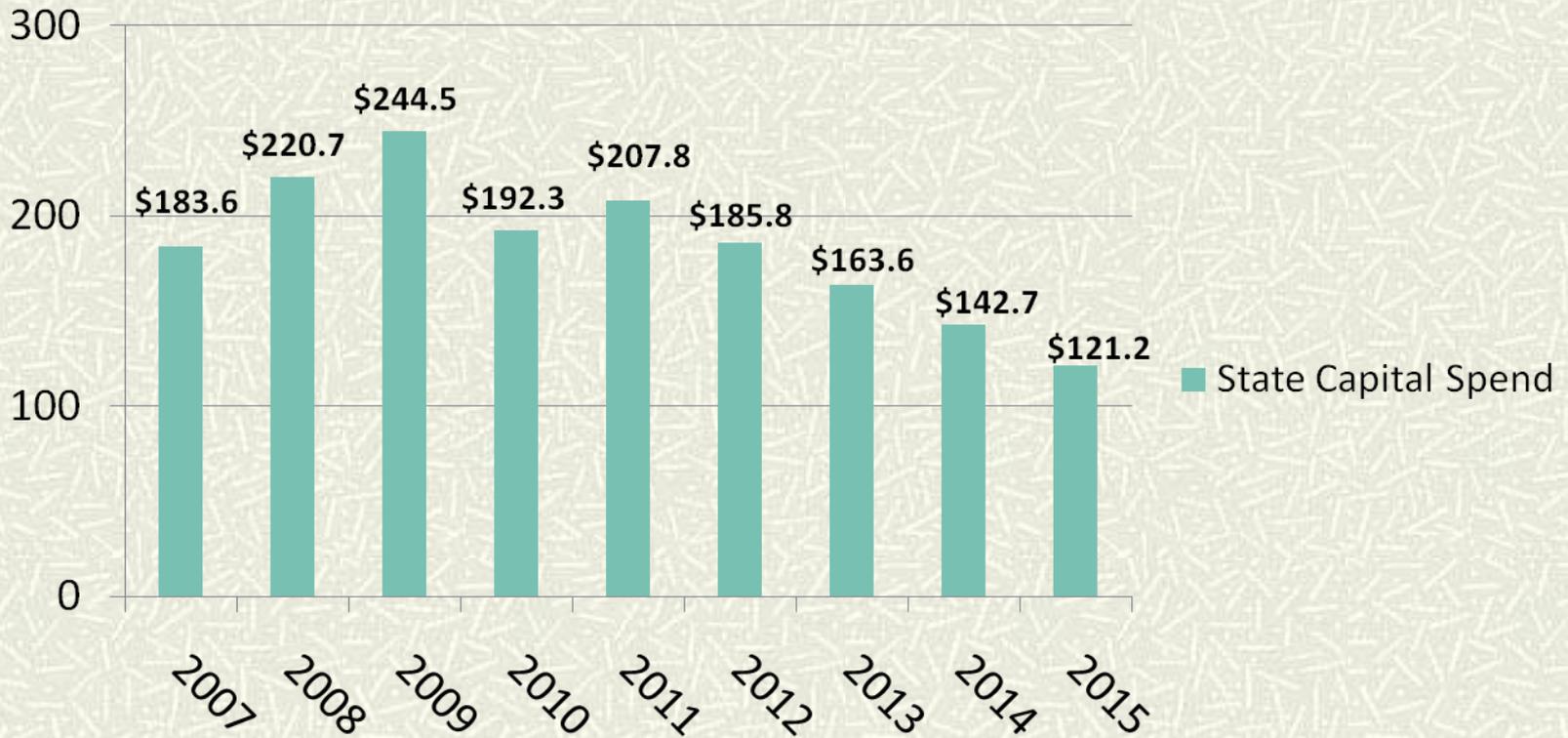
- Rescissions

- FY07 \$17.8M
- FY08 \$12.3M
- FY09 \$12.3M
- FY10 ??

SAFETEA-LU: Next Generation?

# State Capital Program Trend

\$ in millions



# Governor's Performance Review

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## Cost Efficiencies:

- Reduction in Overtime
- Extending Asset Life
- Consultant Cost Reductions
- Virtual Workshops
- Review Take Home Vehicle Policy
- Real Estate Acquisition Process
- DMV e-government initiatives

# Next Steps

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## # FY10 Proposed Capital Transportation Plan

- Maintain funding for extensive construction contracts
- Maintain state match to Federal funds
- Remaining funds allocated to 100% State ONLY projects
- Maintain 50/50 Pay-go

## # FY10 – FY15 Proposed 6-Year Plan

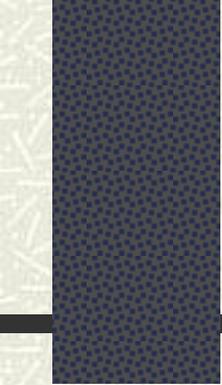
- Fiscally constrained based upon May DEFAC revenue projection
- Significant delay in overall program for design, real estate acquisition and construction

# Next Steps:

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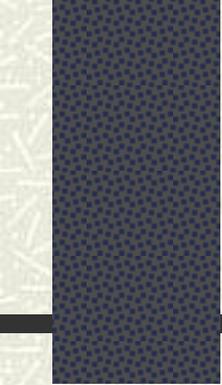
## Back in June to:

- Review of May DEFAC Revenues
- Finalize Cost Efficiencies
- FY10 Paving Program Review
- FY10 Transportation Enhancement Program Review
- FY10 Capital Authorization Request and 6-Year CTP
- FY10 Epilogue Review



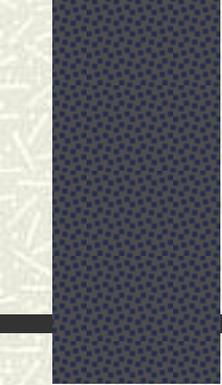
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Questions?



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**Thank You**

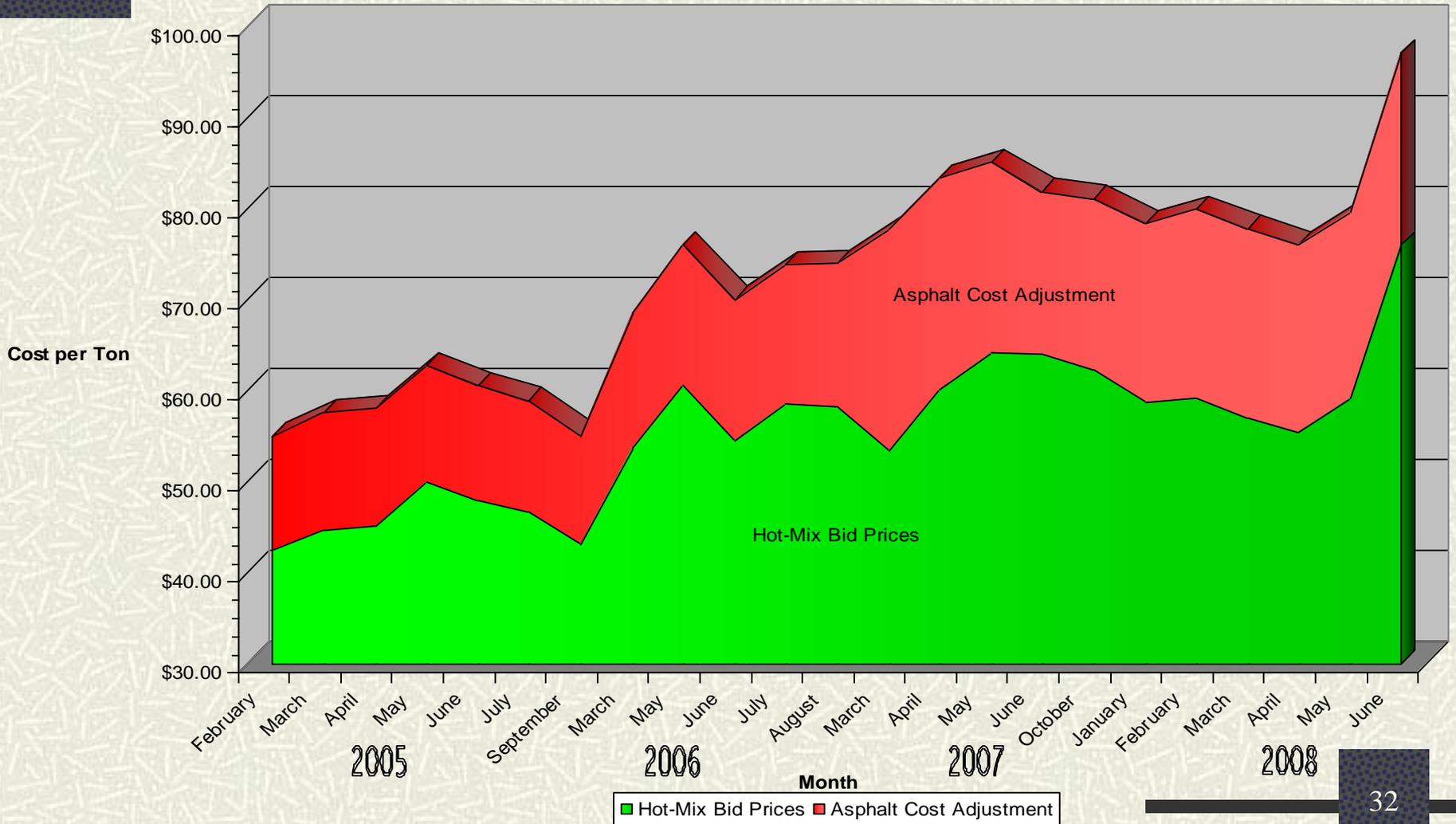


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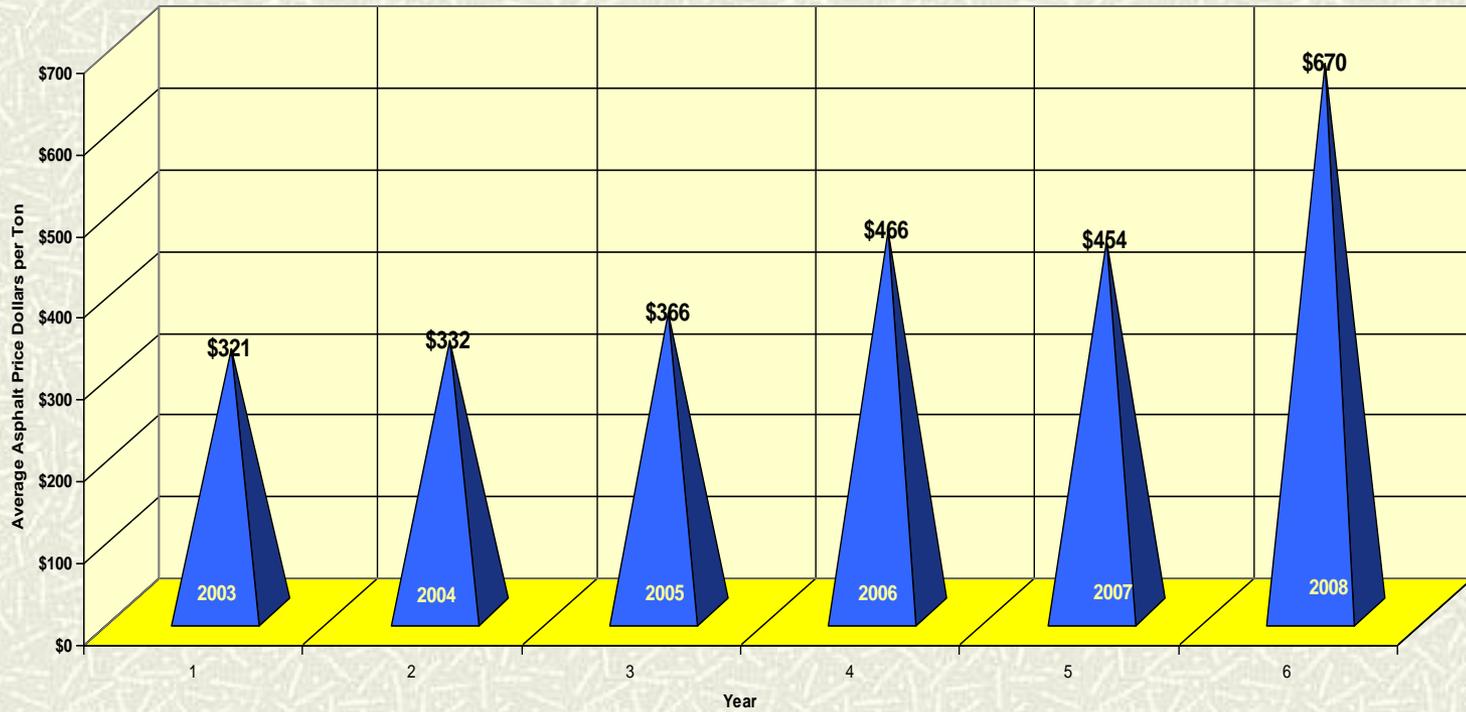
# Supplemental Slides

# Effect of Asphalt Adjustment on Hot-mix



# Asphalt Pricing

Delaware Average Asphalt Posted Price 2003 - 2008



# American Recovery and Reinvestment Act (ARRA)

Funding categories for federally eligible roadways include:

- ✓ 3% - Transportation Enhancement projects
- ✓ Urbanized Areas over 200k population
- ✓ Areas with population equal to or less than 200k
- ✓ Rural areas with population under 5k



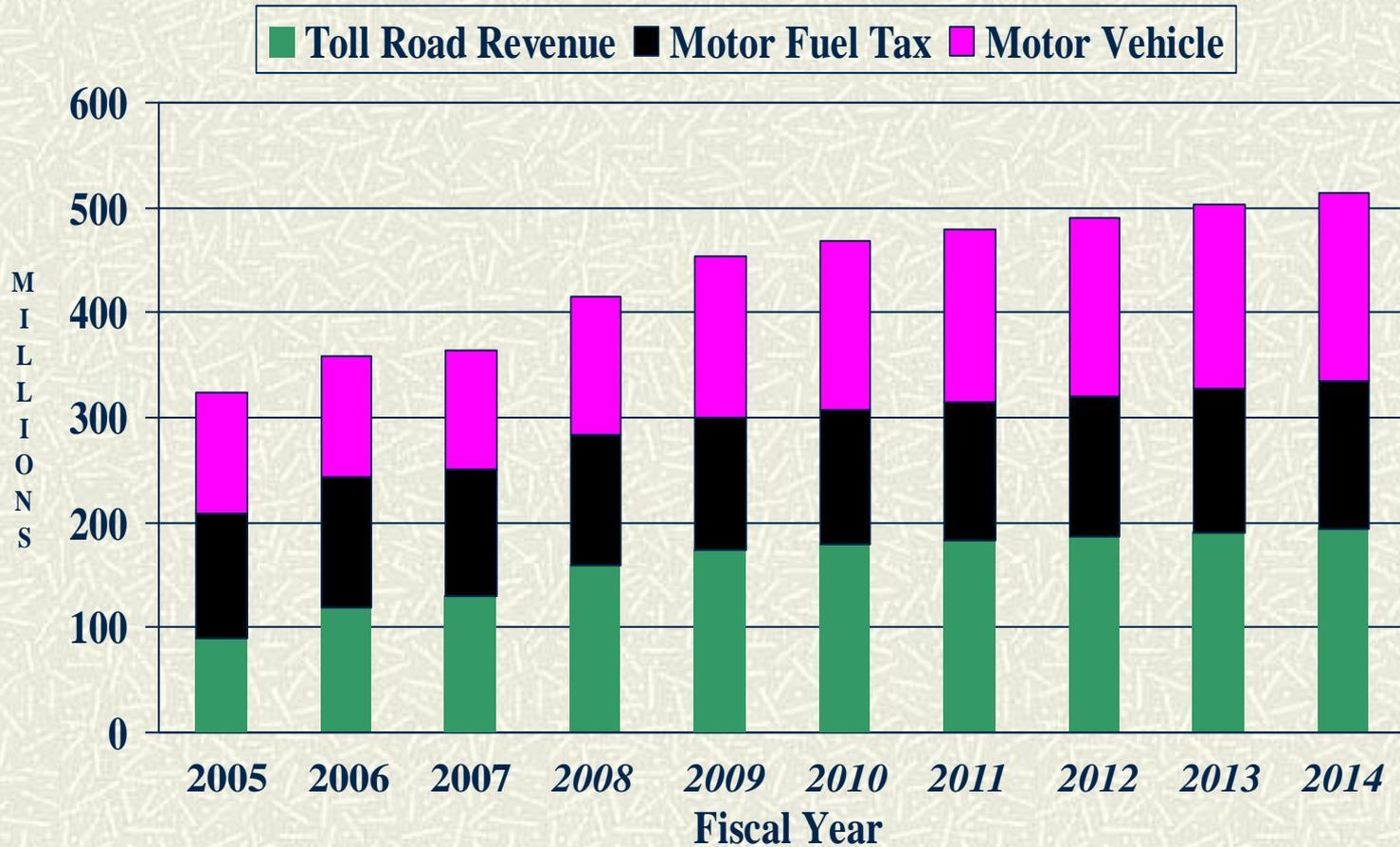
SR1 - 3.7%

I-95 - 1.8%

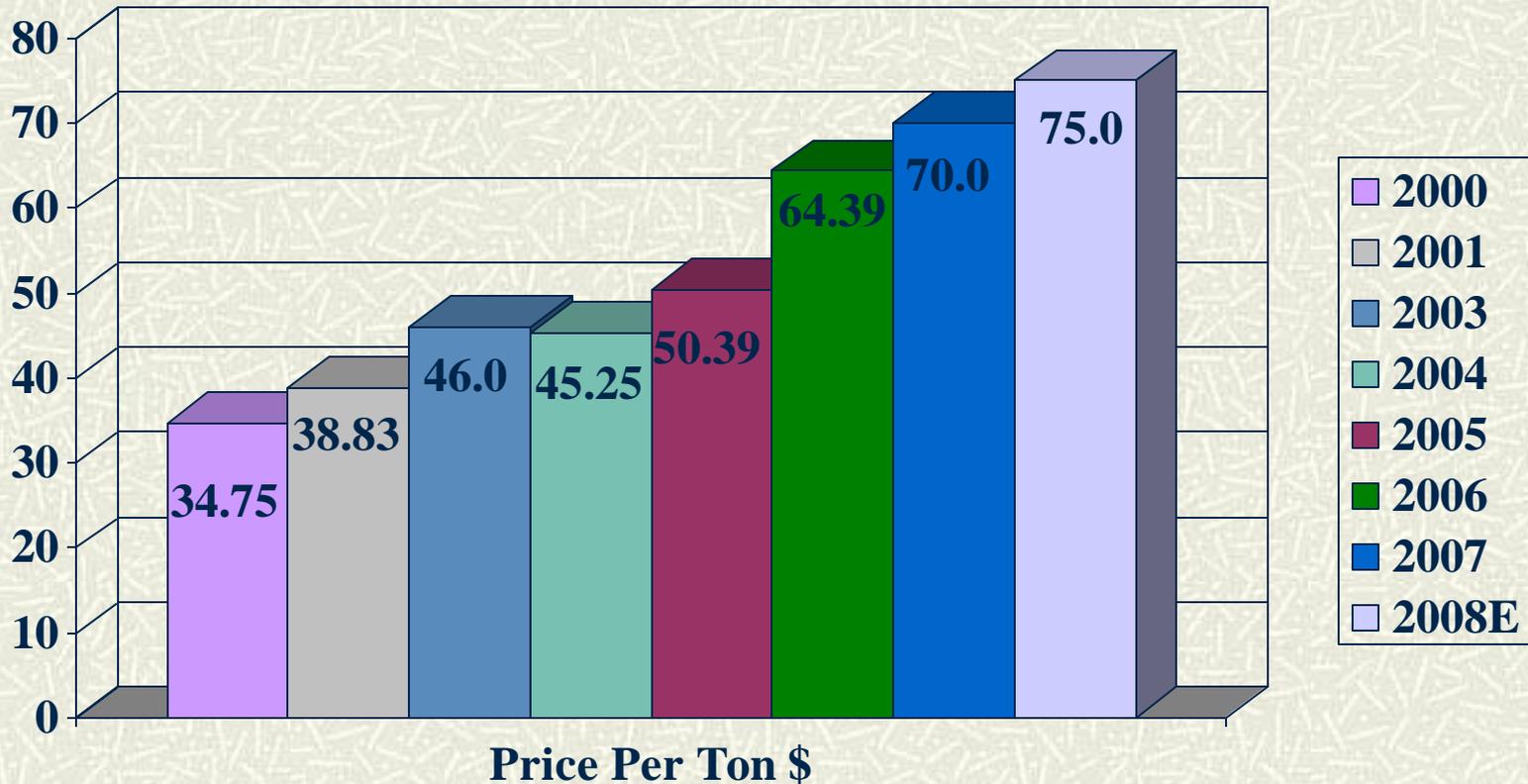
Motor Fuel Taxes - 2%

Motor Vehicle Fees - 3%

# Revenue Trend

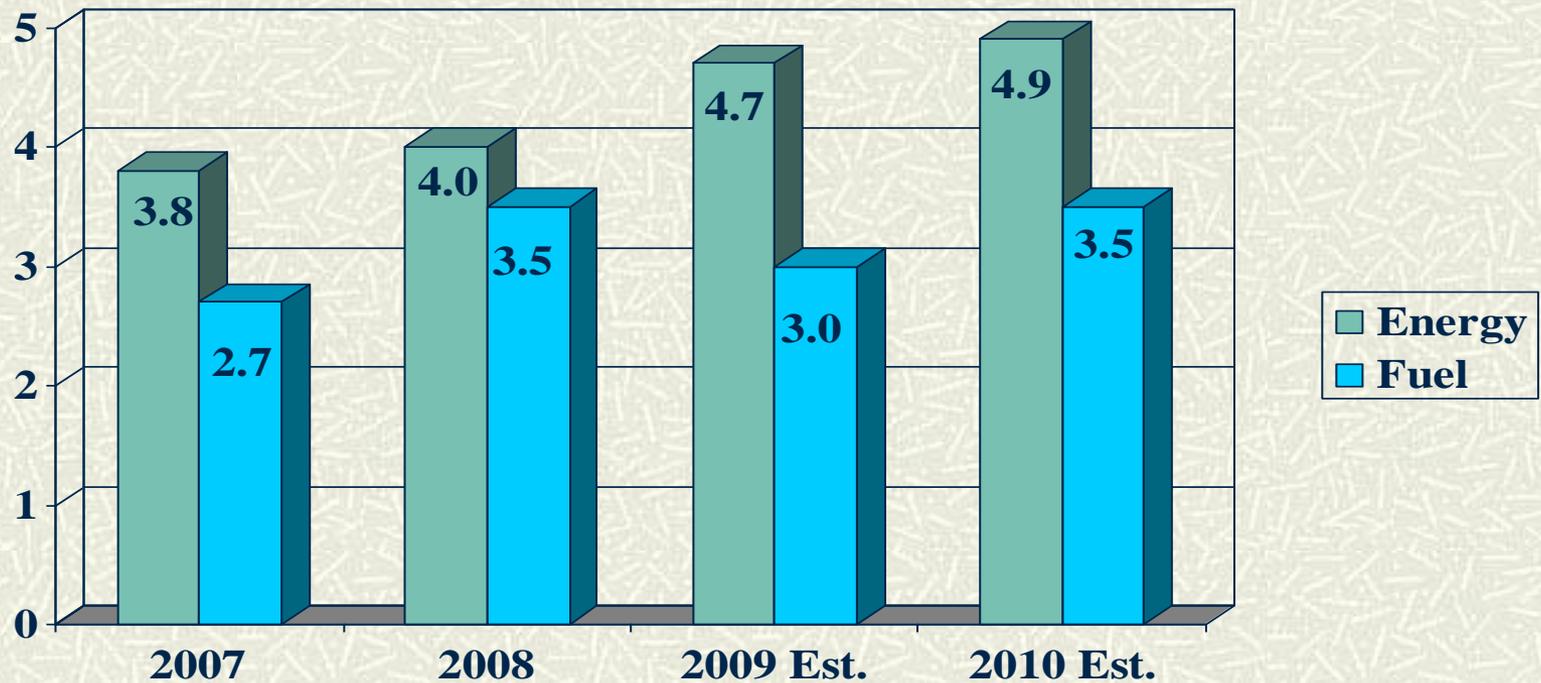


# Hot Mix Market Changes



# Fixed Costs Volatility

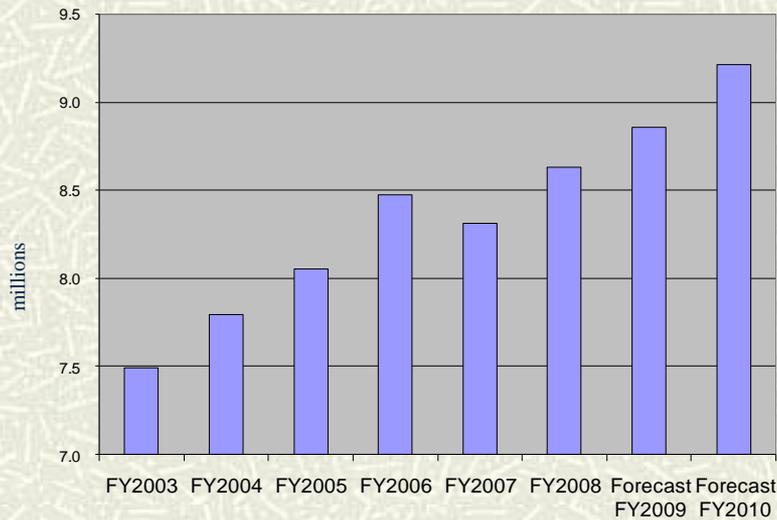
In millions



Excludes DTC

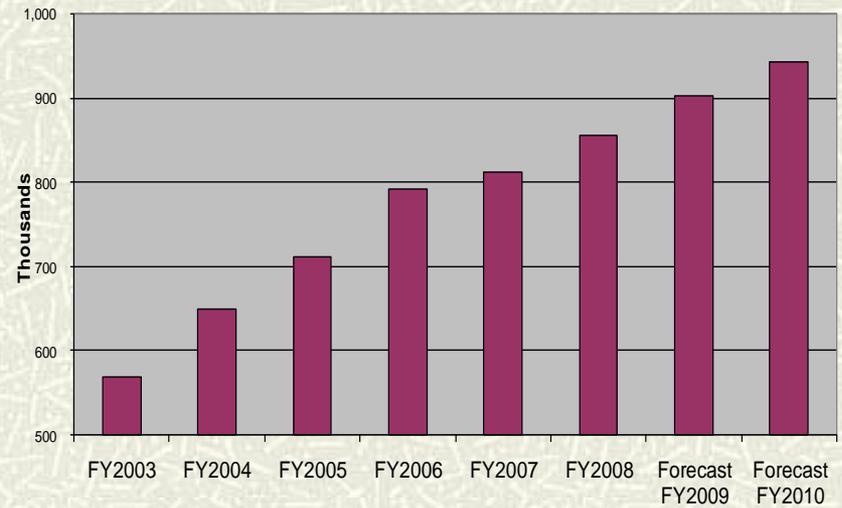
# Increased Transit Demand

Delaware Transit Corporation  
Fixed Route Ridership



Source: FY2008 Year End Ridership Report

Delaware Transit Corporation  
Paratransit Ridership



Source: FY2008 Year End Ridership Report

# Operating Budget Growth Rates (DTC and DeIDOT)

	2005	2006	2007	2008	2009 DEFAC	Average Growth
DeIDOT Operating Expenditures	135.3M	149.7M	157.9M	129.9M	148.3M	
Growth	7.9%	10.7%	5.5%	(17.8%)	14.1%	4%
DTC Operating Expenditures	70.4M	74.5M	79.3M	85.9M	88.4M	
Growth	8.3%	5.8%	6.4%	8.3%	3.0%	6%

# History of State Capital Program

Capital Program	2004	2005	2006	2007	2008	2009 Planned	2010 Est.
State	205.5	279.7	266.2	183.6	220.7	224.5	192.3
Federal	94.8	117.9	109.9	104.5	155.7	245.6	251.0

# Financial Plan

## Base Financial Plan (\$ in 000s)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Sources of Funds</u></b>							
<b><u>Existing Pledged Revenue</u></b>							
I-95 Tolls & Concessions	123,200	124,600	126,600	128,700	130,700	132,700	134,700
Motor Fuel Tax Admin.	120,600	123,000	125,500	128,000	130,500	133,100	135,700
DMV Fees	123,500	125,320	129,090	132,950	136,900	141,000	145,220
Interest Income	<u>5,400</u>	<u>6,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
Total Pledged Revenue	372,700	378,920	389,190	397,650	406,100	414,800	423,620
<b><u>Non-Pledged Revenues</u></b>							
SR 1 Tolls	45,100	45,800	46,900	48,600	50,300	52,100	53,900
New Violation/Fine Revenue	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Escheat	0	0	24,000	24,000	24,000	24,000	24,000
DE Transit (Farebox, FTA, & Other)	16,219	16,543	16,874	17,212	17,556	17,907	18,265
Port of Wilmington - Refinancing	1,618	1,618	1,618	1,618	1,618	1,618	1,618
New One-Time Property Sale	0	5,000	0	0	0	0	0
Other Transportation Revenue	<u>18,173</u>	<u>9,000</u>	<u>9,200</u>	<u>9,300</u>	<u>9,400</u>	<u>9,500</u>	<u>9,600</u>
Total Non-Pledged Revenue	84,610	81,461	102,092	104,230	106,374	108,625	110,883
<b>Total Sources of Funds</b>	<b>457,310</b>	<b>460,381</b>	<b>491,282</b>	<b>501,880</b>	<b>512,474</b>	<b>523,425</b>	

Source: March DEFAC

# Financial Plan

## Base Financial Plan (\$ in 000s)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Uses of Funds</u></b>							
<b><u>Debt Service</u></b>							
Total Debt Service	122,291	125,294	131,603	135,318	137,834	138,761	138,667
<b><u>Operations</u></b>							
Department Operations	148,246	148,820	159,237	170,384	182,311	195,073	208,728
Delaware Transit Corp. Operations	<u>88,429</u>	<u>90,189</u>	<u>96,502</u>	<u>103,257</u>	<u>110,485</u>	<u>118,219</u>	<u>126,495</u>
Total Operations	236,675	239,009	255,740	273,641	292,796	313,292	335,222
Total Uses of Funds Before Capital	358,966	364,303	387,343	408,959	430,631	452,053	473,890
State Resources Available for Capital	98,344	96,078	103,939	92,921	81,843	71,372	60,614
Beginning Capital Cash Balance	37,419	6,599	20,000	20,000	20,000	20,000	20,000
Federal Funds	245,516	251,018	258,966	208,869	198,654	150,008	108,346
Bond Proceeds	115,336	109,479	103,939	92,921	81,843	71,372	60,614
Total Funds Available for Capital Expenditures	496,615	463,174	486,844	414,711	382,340	312,753	249,573
Less:							
State Capital Expenditures	244,500	192,156	207,879	185,842	163,686	142,745	121,227
Federal Capital Expenditures	245,516	251,018	258,966	208,869	198,654	150,008	108,346
Total Capital Spending	490,016	443,174	466,845	394,711	362,340	292,753	229,573

Source: March DEFAC

# Financial Plan

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Pay Go Revenue</b>	<b>98,344</b>	<b>96,078</b>	<b>103,939</b>	<b>92,921</b>	<b>81,843</b>	<b>71,372</b>	<b>60,614</b>
<b>State Capital</b>	<b>244,500</b>	<b>192,156</b>	<b>207,879</b>	<b>185,842</b>	<b>163,686</b>	<b>142,745</b>	<b>121,227</b>
<b>Pay Go Percentage</b>	<b>40.2%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>
<b>Additional Senior Bond Test</b>	<b>3.39</b>	<b>2.99</b>	<b>2.91</b>	<b>2.89</b>	<b>2.89</b>	<b>2.93</b>	<b>3.00</b>

# FY10 Spending Plan

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Construction Encumbrances: \$

20% match to Federal Funds: \$

Remaining for State ONLY Projects